

MEDICARE GEOGRAPHIC CLASSIFICATION REVIEW BOARD

2001 JOINT APPLICATION FOR HOSPITAL GROUP GEOGRAPHIC RECLASSIFICATION EFFECTIVE FEDERAL FISCAL YEAR 2003

SPECIAL NOTE

These instructions and corresponding application are being printed and distributed before the final Hospital Prospective Payment System PPS (PPS) Rule is issued. The Final Rule should be published in the Federal Register on or about August 1, 2001. This application reflects the discussion and the provisions of the Proposed Rule, found in the May 4, 2001 Federal Register. Applicants are strongly advised to review the Final PPS Rule before applying (or deciding not to apply) for reclassification for Federal Fiscal Year (FFY) 2003. Applicants should make special note of the new mailing address for the Board as specified in the following General Instructions. Applicants should also note that the Health Care Financing Administration (HCFA) has changed its name to the Centers for Medicare and Medicaid Services (CMS).

This package contains the joint application and instructions for completing the application that individual hospitals will need to apply as a group for geographic reclassification in 2001. Completed applications are due to the Medicare Geographic Classification Review Board (Board) office no later than **5:00 p.m. EDT, Tuesday, September 4, 2001**. Reclassifications granted by the Board for the Standardized Amount portion of the group application will be effective for Federal Fiscal Year (FFY) 2003 (October 1, 2002 through September 30, 2003). Reclassifications granted by the Board for the Wage Index portion of the group application will be effective for a 3-year period, FFYs 2003 through 2005 (October 1, 2002 through September 30, 2005) pursuant to the provisions of the recently enacted Medicare, Medicaid, and SCHIP Benefits Improvement Act (Public Law 106-554).

Hospital groups must complete this application and furnish all required supporting documentation. In prior years, all urban and rural hospital groups were required to complete the Wage Index portion of the group application in addition to all other applicable sections. However, consistent with the provisions of P.L. 106-554 and the Proposed Rule for the Hospital Inpatient Prospective Payment Systems (see May 4, 2001 Federal Register), a hospital group that was reclassified for FFY 2001 (through a 1999 group application) or FFY 2002 (through a 2000 group application) is not permitted to request wage index reclassification through a group application for FFY 2003 if the group would be applying to the same area as that for which it is already reclassified under the 3-year wage index reclassification. In such a case, reclassification has already been approved for the wage index for FFY 2003.

MSA/AREA NAME	NUMBER
ALABAMA	01
ALASKA	02
ARIZONA	03
ARKANSAS	04
CALIFORNIA	05
COLORADO	06
CONNECTICUT	07
DELAWARE	08
FLORIDA	10
GEORGIA	11
HAWAII	12
IDAHO	13
ILLINOIS	14
INDIANA	15
IOWA	16
KANSAS	17
KENTUCKY	18
LOUISIANA	19
MAINE	20
MARYLAND	21
MASSACHUSETTS	22
MICHIGAN	23
MINNESOTA	24
MISSISSIPPI	25
MISSOURI	26
MONTANA	27
NEBRASKA	28
NEVADA	29
NEW HAMPSHIRE	30
NEW MEXICO	32
NEW YORK	33
NORTH CAROLINA	34
NORTH DAKOTA	35
OHIO	36
OKLAHOMA	37
OREGON	38
PENNSYLVANIA	39
PUERTO RICO	40
SOUTH CAROLINA	42
SOUTH DAKOTA	43
TENNESSEE	44
TEXAS	45
UTAH	46
VERMONT	47
VIRGINIA	49
WASHINGTON	50
WEST VIRGINIA	51
WISCONSIN	52
WYOMING	53

MSA/AREA NAME	NUMBER
ABILENE, TX	0040
AGUADILLA, PR	0060
AKRON, OH	0080
ALBANY, GA	0120
ALBANY-SCHENECTADY-TROY, NY	0160
ALBUQUERQUE, NM	0200
ALEXANDRIA, LA	0220
ALLENTOWN-BETHLEHEM-EASTON, PA	0240
ALTOONA, PA	0280
AMARILLO, TX	0320
ANCHORAGE, AK	0380
ANN ARBOR, MI	0440
ANNISTON, AL	0450
APPLETON-OSHKOSH-NEENAH, WI	0460
ARECIBO, PR	0470
ASHEVILLE, NC	0480
ATHENS, GA	0500
ATLANTA, GA	0520
ATLANTIC-CAPE MAY, NJ	0560
AUBURN-OPELIKA, AL	0580
AUGUSTA-AIKEN, GA-SC	0600
AUSTIN-SAN MARCOS, TX	0640
BAKERSFIELD, CA	0680
BALTIMORE, MD	0720
BANGOR, ME	0733
BARNSTABLE-YARMOUTH, MA	0743
BATON ROUGE, LA	0760
BEAUMONT-PORT ARTHUR, TX	0840
BELLINGHAM, WA	0860
BENTON HARBOR, MI	0870
BERGEN-PASSAIC, NJ	0875
BILLINGS, MT	0880
BILOXI-GULFPORT-PASCAGOULA, MS	0920
BINGHAMTON, NY	0960
BIRMINGHAM, AL	1000
BISMARCK, ND	1010
BLOOMINGTON, IN	1020
BLOOMINGTON-NORMAL, IL	1040
BOISE CITY, ID	1080
BOSTON-WORCESTER-LAWRENCE-LOWELL-BROCKTON, MA-NH	1123
BOULDER-LONGMONT, CO	1125
BRAZORIA, TX	1145
BREMERTON, WA	1150
BROWNSVILLE-HARLINGEN-SAN BENITO, TX	1240
BRYAN-COLLEGE STATION, TX	1260
BUFFALO-NIAGARA FALLS, NY	1280
BURLINGTON, VT	1303
CAGUAS, PR	1310
CANTON-MASSILLON, OH	1320

MSA/AREA NAME	NUMBER
CASPER, WY	1350
CEDAR RAPIDS, IA	1360
CHAMPAIGN-URBANA, IL	1400
CHARLESTON-NORTH CHARLESTON, SC	1440
CHARLESTON, WV	1480
CHARLOTTE-GASTONIA-ROCK HILL, NC-SC	1520
CHARLOTTESVILLE, VA	1540
CHATTANOOGA, TN-GA	1560
CHEYENNE, WY	1580
CHICAGO, IL	1600
CHICO-PARADISE, CA	1620
CINCINNATI, OH-KY-IN	1640
CLARKSVILLE-HOPKINSVILLE, TN-KY	1660
CLEVELAND-LORAIN-ELYRIA, OH	1680
COLORADO SPRINGS, CO	1720
COLUMBIA, MO	1740
COLUMBIA, SC	1760
COLUMBUS, GA-AL	1800
COLUMBUS, OH	1840
CORPUS CHRISTI, TX	1880
CORVALLIS, OR	1890
CUMBERLAND, MD-WV	1900
DALLAS, TX	1920
DANVILLE, VA	1950
DAVENPORT-MOLINE-ROCK ISLAND, IA-IL	1960
DAYTON-SPRINGFIELD, OH	2000
DAYTONA BEACH, FL	2020
DECATUR, AL	2030
DECATUR, IL	2040
DENVER, CO	2080
DES MOINES, IA	2120
DETROIT, MI	2160
DOTHAN, AL	2180
DOVER, DE	2190
DUBUQUE, IA	2200
DULUTH-SUPERIOR, MN-WI	2240
DUTCHESS COUNTY, NY	2281
EAU CLAIRE, WI	2290
EL PASO, TX	2320
ELKHART-GOSHEN, IN	2330
ELMIRA, NY	2335
ENID, OK	2340
ERIE, PA	2360
EUGENE-SPRINGFIELD, OR	2400
EVANSVILLE-HENDERSON, IN-KY	2440
FARGO-MOORHEAD, ND-MN	2520
FAYETTEVILLE, NC	2560
FAYETTEVILLE-SPRINGDALE-ROGERS, AR	2580
FLAGSTAFF, AZ-UT	2620

MSA/AREA NAME	NUMBER
FLINT, MI	2640
FLORENCE, AL	2650
FLORENCE, SC	2655
FORT COLLINS-LOVELAND, CO	2670
FORT LAUDERDALE, FL	2680
FORT MYERS-CAPE CORAL, FL	2700
FORT PIERCE-PORT ST. LUCIE, FL	2710
FORT SMITH, AR-OK	2720
FORT WALTON BEACH, FL	2750
FORT WAYNE, IN	2760
FORT WORTH-ARLINGTON, TX	2800
FRESNO, CA	2840
GADSDEN, AL	2880
GAINESVILLE, FL	2900
GALVESTON-TEXAS CITY, TX	2920
GARY, IN	2960
GLENS FALLS, NY	2975
GOLDSBORO, NC	2980
GRAND FORKS, ND-MN	2985
GRAND JUNCTION, CO	2995
GRAND RAPIDS-MUSKEGON-HOLLAND, MI	3000
GREAT FALLS, MT	3040
GREELEY, CO	3060
GREEN BAY, WI	3080
GREENSBORO--WINSTON-SALEM--HIGH POINT, NC	3120
GREENVILLE, NC	3150
GREENVILLE-SPARTANBURG-ANDERSON, SC	3160
HAGERSTOWN, MD	3180
HAMILTON-MIDDLETOWN, OH	3200
HARRISBURG-LEBANON-CARLISLE, PA	3240
HARTFORD, CT	3283
HATTIESBURG, MS	3285
HICKORY-MORGANTON-LENOIR, NC	3290
HONOLULU, HI	3320
HOUMA, LA	3350
HOUSTON, TX	3360
HUNTINGTON-ASHLAND, WV-KY-OH	3400
HUNTSVILLE, AL	3440
INDIANAPOLIS, IN	3480
IOWA CITY, IA	3500
JACKSON, MI	3520
JACKSON, MS	3560
JACKSON, TN	3580
JACKSONVILLE, FL	3600
JACKSONVILLE, NC	3605
JAMESTOWN, NY	3610
JANESVILLE-BELOIT, WI	3620
JERSEY CITY, NJ	3640
JOHNSON CITY-KINGSPORT-BRISTOL, TN-VA	3660

MSA/AREA NAME	NUMBER
JOHNSTOWN, PA	3680
JONESBORO, AR	3700
JOPLIN, MO	3710
KALAMAZOO-BATTLE CREEK, MI	3720
KANKAKEE, IL	3740
KANSAS CITY, MO-KS	3760
KENOSHA, WI	3800
KILLEEN-TEMPLE, TX	3810
KNOXVILLE, TN	3840
KOKOMO, IN	3850
LA CROSSE, WI-MN	3870
LAFAYETTE, LA	3880
LAFAYETTE, IN	3920
LAKE CHARLES, LA	3960
LAKELAND-WINTER HAVEN, FL	3980
LANCASTER, PA	4000
LANSING-EAST LANSING, MI	4040
LAREDO, TX	4080
LAS CRUCES, NM	4100
LAS VEGAS, NV-AZ	4120
LAWRENCE, KS	4150
LAWTON, OK	4200
LEWISTON-AUBURN, ME	4243
LEXINGTON, KY	4280
LIMA, OH	4320
LINCOLN, NE	4360
LITTLE ROCK-NORTH LITTLE ROCK, AR	4400
LONGVIEW-MARSHALL, TX	4420
LOS ANGELES-LONG BEACH, CA	4480
LOUISVILLE, KY-IN	4520
LUBBOCK, TX	4600
LYNCHBURG, VA	4640
MACON, GA	4680
MADISON, WI	4720
MANSFIELD, OH	4800
MAYAGUEZ, PR	4840
MCALLEN-EDINBURG-MISSION, TX	4880
MEDFORD-ASHLAND, OR	4890
MELBOURNE-TITUSVILLE-PALM BAY, FL	4900
MEMPHIS, TN-AR-MS	4920
MERCED, CA	4940
MIAMI, FL	5000
MIDDLESEX-SOMERSET-HUNTERDON, NJ	5015
MILWAUKEE-WAUKESHA, WI	5080
MINNEAPOLIS-ST. PAUL, MN-WI	5120
MISSOULA, MT	5140
MOBILE, AL	5160
MODESTO, CA	5170
MONMOUTH-OCEAN, NJ	5190

MSA/AREA NAME	NUMBER
MONROE, LA	5200
MONTGOMERY, AL	5240
MUNCIE, IN	5280
MYRTLE BEACH, SC	5330
NAPLES, FL	5345
NASHVILLE, TN	5360
NASSAU-SUFFOLK, NY	5380
NEW HAVEN-BRIDGEPORT-STAMFORD-DANBURY-WATERBURY,CT	5483
NEW LONDON-NORWICH, CT	5523
NEW ORLEANS, LA	5560
NEW YORK, NY	5600
NEWARK, NJ	5640
NEWBURGH, NY-PA	5660
NORFOLK-VIRGINIA BEACH-NEWPORT NEWS, VA-NC	5720
OAKLAND, CA	5775
OCALA, FL	5790
ODESSA-MIDLAND, TX	5800
OKLAHOMA CITY, OK	5880
OLYMPIA, WA	5910
OMAHA, NE-IA	5920
ORANGE COUNTY, CA	5945
ORLANDO, FL	5960
OWENSBORO, KY	5990
PANAMA CITY, FL	6015
PARKERSBURG-MARIETTA, WV-OH	6020
PENSACOLA, FL	6080
PEORIA-PEKIN, IL	6120
PHILADELPHIA, PA-NJ	6160
PHOENIX-MESA, AZ	6200
PINE BLUFF, AR	6240
PITTSBURGH, PA	6280
PITTSFIELD, MA	6323
POCATELLO, ID	6340
PONCE, PR	6360
PORTLAND, ME	6403
PORTLAND-VANCOUVER,OR-WA	6440
PROVIDENCE-WARWICK-PAWTUCKET, RI	6483
PROVO-OREM, UT	6520
PUEBLO, CO	6560
PUNTA GORDA, FL	6580
RACINE, WI	6600
RALEIGH-DURHAM-CHAPEL HILL, NC	6640
RAPID CITY, SD	6660
READING, PA	6680
REDDING, CA	6690
RENO, NV	6720
RICHLAND-KENNEWICK-PASCO, WA	6740
RICHMOND-PETERSBURG, VA	6760
RIVERSIDE-SAN BERNADINO, CA	6780

MSA/AREA NAME	NUMBER
ROANOKE, VA	6800
ROCHESTER, MN	6820
ROCHESTER, NY	6840
ROCKFORD, IL	6880
ROCKY MOUNT, NC	6895
SACRAMENTO, CA	6920
SAGINAW-BAY CITY-MIDLAND, MI	6960
ST. CLOUD, MN	6980
ST. JOSEPH, MO	7000
ST. LOUIS, MO-IL	7040
SALEM, OR	7080
SALINAS, CA	7120
SALT LAKE CITY-OGDEN, UT	7160
SAN ANGELO, TX	7200
SAN ANTONIO, TX	7240
SAN DIEGO, CA	7320
SAN FRANCISCO, CA	7360
SAN JOSE, CA	7400
SAN JUAN-BAYAMON, PR	7440
SAN LUIS OBISPO-ATASCADERO-PASO ROBLES, CA	7460
SANTA BARBARA-SANTA MARIA-LOMPOC, CA	7480
SANTA CRUZ-WATSONVILLE, CA	7485
SANTA FE, NM	7490
SANTA ROSA, CA	7500
SARASOTA-BRADENTON, FL	7510
SAVANNAH, GA	7520
SCRANTON--WILKES-BARRE--HAZLETON, PA	7560
SEATTLE-BELLEVUE-EVERETT, WA	7600
SHARON, PA	7610
SHEBOYGAN, WI	7620
SHERMAN-DENISON, TX	7640
SHREVEPORT-BOSSIER CITY, LA	7680
SIOUX CITY, IA-NE	7720
SIOUX FALLS, SD	7760
SOUTH BEND, IN	7800
SPOKANE, WA	7840
SPRINGFIELD, IL	7880
SPRINGFIELD, MO	7920
SPRINGFIELD, MA	8003
STATE COLLEGE, PA	8050
STEUBENVILLE-WEIRTON, OH-WV	8080
STOCKTON-LODI, CA	8120
SUMTER, SC	8140
SYRACUSE, NY	8160
TACOMA, WA	8200
TALLAHASSEE, FL	8240
TAMPA-ST. PETERSBURG-CLEARWATER, FL	8280
TERRE HAUTE, IN	8320
TEXARKANA, TX-TEXARKANA, AR	8360

MSA/AREA NAME	NUMBER
TOLEDO, OH	8400
TOPEKA, KS	8440
TRENTON, NJ	8480
TUCSON, AZ	8520
TULSA, OK	8560
TUSCALOOSA, AL	8600
TYLER, TX	8640
UTICA-ROME, NY	8680
VALLEJO-FARIFIELD-NAPA, CA	8720
VENTURA, CA	8735
VICTORIA, TX	8750
VINELAND-MILLVILLE-BRIDGETON, NJ	8760
VISALIA-TULARE-PORTERVILLE, CA	8780
WACO, TX	8800
WASHINGTON, DC-MD-VA-WV	8840
WATERLOO-CEDAR FALLS, IA	8920
WAUSAU, WI	8940
WEST PALM BEACH-BOCA RATON, FL	8960
WHEELING, WV-OH	9000
WICHITA, KS	9040
WICHITA FALLS, TX	9080
WILLIAMSPORT, PA	9140
WILMINGTON-NEWARK, DE-MD	9160
WILMINGTON, NC	9200
YAKIMA, WA	9260
YOLO, CA	9270
YORK, PA	9280
YOUNGSTOWN-WARREN, OH	9320
YUBA CITY, CA	9340
YUMA, AZ	9360

It should be emphasized that the exception to meeting the wage index portion of the group application for FFY 2003 applies only in the limited circumstance described in the preceding paragraph. In all other cases, a group must complete all of the applicable sections of the group application (see item II.7 of the group application) that are required for the group to be reclassified for both the wage index value and the standardized amount.

Hospitals applying for reclassification should read the instructions carefully. Failure to submit appropriate or complete information as explained in the instructions may result in a delayed review or dismissal by the Board.

A hospital may apply for reclassification individually and as a member of a group of hospitals or a Statewide Wage Index area. A hospital in a New England Metropolitan Area (NECMA) may apply for reclassification under the Alternative criteria at 42 C.F.R. § 412.236(b).

The individual and group applications and instructions will be available via the Internet at www.hcfa.gov/regs/mgcinfo.htm. To request a Statewide Wage Index, or alternative NECMA application, or to receive other information, hospitals should call (410) 786-1174.

GENERAL INSTRUCTIONS

GENERAL

All Medicare prospective payment hospitals in a county or a New England County Metropolitan Area (NECMA) may file a joint, i.e., group, application with the Medicare Geographic Classification Review Board (Board). Every Prospective Payment System (PPS) hospital in the county or NECMA must be a member of the group application. A hospital that is the only PPS hospital in its county may also apply as a group. This single hospital may be in a rural area or within a multicounty Metropolitan Statistical Area (MSA).

The Board may reclassify a rural group only to an urban area, and an urban group only to another urban area. A group must be reclassified for both the wage index value and the standardized amount. Rural groups, however, are not required to submit data for compliance with the standardized amount comparison criteria although the Board will reclassify them for both the standardized amount and the wage index value.

Section 304 of Public Law 106-554 contained several provisions related to the wage index and reclassification decisions made by the Board. Section 304 first establishes that hospital reclassification decisions by the Board for wage index purposes are effective for 3-years, beginning with reclassifications for FFY 2001. Second, it provides that the Board must use the 3 most recent years of average hourly wage data in evaluating a hospital's reclassification application for FFY 2003 and subsequent years. Third, it provides that an appropriate statewide entity may apply to have all of the geographic areas in a State treated as a single geographic area for purposes of computing and applying the wage index for FFY 2003. (A separate application is available for hospitals requesting the Statewide Wage Index.)

A discussion of HCFA's (CMS's) Proposed Rule for implementing section 304 of P.L.106-554 is contained in the May 4, 2001 Federal Register. In concert with the discussion in the Preamble to the Proposed Rule, the provisions of section 304(a) relating to 3-year wage index reclassification for individual hospitals are being extended to groups for the wage index only. In addition, the Preamble to the Proposed Rule also discusses the requirement for the Board to use the average of the 3 most recent years of hourly wage data for hospitals that the Board will follow when evaluating wage index requests for reclassification for group as well as individual applications.

Hospitals that were reclassified as part of a group application for FFY 2001 or FFY 2002 are reclassified for a 3-year period for the wage index. In order to be reclassified for the standardized amount in either the second or third years of the 3-year wage index reclassification, the hospitals in the group must apply on an annual basis to the Board either as a group or as individual hospitals.

In view of the above, if the hospitals in a group are requesting reclassification to the same area for FFY 2003 to which they are already reclassified, through a group application, in FFY 2001 or FFY 2002, then the group is not required to meet the wage index portion of the group application for FFY 2003.

The Board will rule on a group reclassification request before it rules on a hospital's individual request. If the Board reclassifies a group, it will dismiss any individual reclassification applications filed by the hospitals in the group. The Board emphasizes that individual applications and group applications are separate and distinct.

The Board ordinarily issues an on-the-record decision. However, the Board may hold an oral hearing on its own motion or if the applicant demonstrates to the Board's satisfaction that an oral hearing is necessary. The Board will issue all its decisions no later than 180 days after the deadline for receipt of applications. The deadline for receipt of the applications is September 4, 2001.

A reclassification for a hospital group applying in 2001 is effective for discharges occurring in FFY 2003 (October 1, 2002 through September 30, 2003) for the Standardized Amount portion of the application and for a 3-year period, FFYs 2003 through 2005 (October 1, 2002 through September 30, 2005), for the Wage Index portion of the application.

HOSPITALS WITH SPECIAL STATUS

Some Sole Community Hospitals (SCHs) will lose their special status when the Board reclassifies them to a Metropolitan Statistical Area (MSA) or New England County Metropolitan Area (NECMA) for purposes of the standardized amount. Before applying for reclassification, these hospitals should evaluate and determine whether geographic reclassification will affect their special status. For a detailed discussion, see the Federal Registers of September 6, 1990, Vol. 55, No. 173, page 36762; June 4, 1991, Vol. 56, No. 107, pages 25482-25484; and August 30, 1991, Vol. 56, No. 169, pages 43200-43202. A hospital needing further information should call Marianne Myers (410) 786-5962 or Anne Tayloe (410) 786-4546 of the Centers for Medicare and Medicaid Services (CMS) (formerly HCFA) Purchasing Policy Group.

THE APPLICATION

Hospitals applying as a group must use the group application in this package. If hospitals do not use this information or if they fail to provide the required information, the Board may dismiss their requests for reclassification. Submission of inappropriate documentation will delay Board review.

The group application covers requests for both the standardized amount and the wage index. It consists of a series of questions and an affidavit that the responsible hospital officer from each hospital in the group must sign. The completed affidavits signify each hospital's official participation in the group. The Board will dismiss an application that fails to include a properly completed and signed affidavit from each PPS hospital in the group by the due date of the application, i.e., September 4, 2001. The names and signatures of the responsible official of all the PPS hospitals, in the form of an affidavit, are required in order for an application to be complete. The group and the individual hospitals in the group must also submit several attachments, all of which are specified in the application.

If a group has a primary and alternative (or secondary) request, it must submit complete applications for the primary application and each alternative request. The group should not combine the applications into one package and it should clearly mark each application as primary, secondary, etc. The group must also clearly specify the reclassification area for each application.

FILING AN APPLICATION

A complete application package consists of an original and two legible unbound copies of the application itself and its attachments. However, an urban group should submit only one copy of the cost report for each group hospital, besides the rest of the application package. A rural group does not submit cost reports because it does not need to show compliance with the computational threshold for the standardized amount. The Board does not accept applications submitted through the facsimile process or by other electronic means, nor does it accept applications completed in pencil, i.e., applications must be typed or clearly printed in ink.

The Board must receive all application packages by **5:00 p.m. EDT, September 4, 2001**. The Board will dismiss a group's request for reclassification if it does not receive the completed application by this deadline. The Board may, for good cause and at the request of the group, grant a group that has submitted an application by September 4 an extension beyond this date to complete the application.

The group must send an original and two copies of their completed application to **the Board's new mailing address**:

**Medicare Geographic Classification Review Board
2520 Lord Baltimore Drive
Suite L
Baltimore, Maryland 21244-2670**

The group may want to send their application by a delivery method that guarantees a signed receipt, indicating delivery and date of delivery of their packages to the Board. The same address for the Board is applicable for both U.S. mail and courier service. Applications submitted to CMS (formerly HCFA) or any other address may be delayed and not received timely by the Board.

The group must simultaneously send a copy of their completed application, including a cost report, if applicable, to:

Centers for Medicare and Medicaid Services
Center for Medicare Management
Purchasing Policy Group
Division of Acute Care
7500 Security Boulevard
Mail Stop C4-07-07
Baltimore, Maryland 21244-1850
Re: MGCRB Application

The CMS (formerly HCFA) Purchasing Policy Group address is also applicable for both U.S. mail and courier service. Again, applications submitted to CMS (formerly HCFA) may be delayed and not received timely by the Board.

WITHDRAWALS AND TERMINATIONS

As previously stated, applicants are strongly encouraged to review the Final Rule for changes, clarifications, or corrections.

Hospital groups may withdraw their applications for reclassification anytime before the Board issues a decision. After a decision granting reclassification, hospital groups may withdraw a reclassification up to 45 days from the date of CMS's (formerly HCFA) annual notice of proposed rulemaking for hospital inpatient prospective payment under Medicare. CMS (formerly HCFA) publishes the notice in early spring and it specifies the final date by which the Board must receive a withdrawal request.

A group or individual hospital within the group may, upon its own request, also terminate its reclassified 3-year wage index reclassification for 1 or 2 years of the 3-year effective period. A termination would be effective for the next fiscal year. Similar to a withdrawal, a group or an individual hospital wishing to terminate 1 or 2 years of an approved 3-year wage index reclassification, would need to do so within 45 days from the date of CMS's (formerly HCFA) annual notice of proposed rulemaking for hospital inpatient PPS under Medicare. (See, in particular, section IV.E.1.c. of the Preamble to the May 4, 2001 Proposed Rule entitled "Withdrawals of Applications and Terminations of Approved Applications.")

A group or an individual hospital which either withdraws or terminates a 3-year wage index reclassification may cancel its withdrawal or termination within the timeframe for applying for a FFY 2003 or FFY 2004 reclassification in order to have the balance of its 3-year wage index value reclassification reinstated. (See section IV.E.(2) of the Preamble to the Proposed Rule, entitled "Reinstatement After a Withdrawal of Application or a Termination of an Approved Reclassification," for a discussion and examples of this provision.)

All group or individual hospital withdrawal or termination requests must be in writing, by all hospitals party to that action, and directed to the Board at the address given in the preceding section. Hospital groups should also send a copy to the CMS (formerly HCFA) Plan and Provider Purchasing Policy Group at the address listed above.

PLEASE READ THESE INSTRUCTIONS
BEFORE COMPLETING THE APPLICATION

MEDICARE GEOGRAPHIC CLASSIFICATION REVIEW BOARD

**2001 JOINT APPLICATION FOR HOSPITAL GROUP
GEOGRAPHIC RECLASSIFICATION
EFFECTIVE FEDERAL FISCAL YEAR 2003**

**INSTRUCTIONS FOR COMPLETING
THE APPLICATION**

The joint application consists of a series of questions that the group must answer. The application also includes questions and pages to be completed for the standardized amount calculations and an affidavit, all of which each hospital in the group must complete.

The application lists several required attachments and the letter designations for these attachments. The group should still use these same letter identifiers if it needs only some attachments to support its request. The group must type or print the application in ink.

When the group uses an attachment requiring hospital-specific information, it should include the information and data for each hospital in the group on separate pages under the specific attachment. The group must label these pages separately and sequentially, for example, M-1 for the first hospital, M-2 for the second, M-3 for the third, etc. The group should follow the same sequence throughout the application. Further, the individual hospitals' names and provider numbers must appear at the top of these pages.

The group must send the completed application, including all supporting documentation, so that the Board receives the package by **5:00 p.m. EDT, September 4, 2001**. If the group fails to comply with this deadline, the Board will dismiss its reclassification request. The Board does not accept applications submitted through the facsimile process or by other electronic means.

It is imperative that the group read these instructions before filling in the application. Tab 4 (Calculations) at the end of these instructions provides examples of correct computations for the reclassification criteria.

INSTRUCTIONS

I. GROUP INFORMATION

1. Self-explanatory. All PPS hospitals in a county or NECMA must be members of the group application.
2. Identification numbers for all State (rural areas), MSAs, and NECMAs are at the end of these instructions at Tab 1 (MSA/Area Numbers). If the group is in a county in an MSA, it should use the MSA number. If not, it should use the number of the State in which the county is located.
3. The group must show the mailing address the Board should use for all correspondence. The group should also show the person (and telephone number) the Board should contact if it has questions about the application.
4. As **Attachment A** of the application, the group should provide a printed or typed list of all PPS hospitals in the county or NECMA, their addresses, and provider numbers (Columns A, B, and C of Attachment A). In addition, the group should also indicate whether any hospital in the group is filing a separate individual application with the Board for FFY 2003 (Column D) and, for any hospital that is already reclassified for the wage index in FFY 2003 as part of a 3-year wage index reclassification, the identification number of the area to which it is reclassified (Column E). Identification numbers of the areas needed for Column E can be obtained by referring to the appropriate Board Decision letter for either FFY 2001 or FFY 2002, which served as the basis for a hospital's 3-year wage index reclassification (absent any subsequent changes to those Decisions).

All the hospitals listed in Attachment A must be a part of the group application. The group should follow the format provided on the application in completing Attachment A.

In addition, as **Attachment B** of the application, the applicant should provide a current letter from the appropriate CMS (formerly HCFA) Regional Office which lists the currently licensed PPS hospitals in the county or NECMA listed in item I.1. of the application.

II. RECLASSIFICATION REQUEST

5. The group should use the name of the MSA or NECMA to which it wants to be reclassified. The Board may reclassify the group to one area only.
6. Self-explanatory.

7. Self-explanatory.

III. GENERAL INFORMATION

8. Self-explanatory.
9. Self-explanatory. The Board will rule on any Statewide Wage Index Area application first and then the Group application before it reviews any individual requests. If the Board approves the Statewide Wage Index Area application, it expects to dismiss any individual or group applications filed by hospitals in the Statewide Wage Index Area application.
10. Section 401 of Public Law 106-113 amended Section 1886(d)(8) of the Social Security Act by adding paragraph E, which creates a mechanism, separate and apart from the MGCRB, permitting an urban hospital to apply to be treated as being located in the rural area of the state in which the hospital is located. If any urban PPS hospital listed in No. 4 above has applied or will be applying to the CMS (formerly HCFA) Regional Office under this provision, check “Yes” and include a list of the hospitals at **Attachment C**. Also, indicate in the list at **Attachment C** whether any of the hospital applications have been approved and, if so, provide the date of the approval.

As discussed in the Preamble to the Final Rules for the Hospital Inpatient PPS (see the August 1, 2000 Federal Register), an “urban” hospital approved as “rural” under this provision cannot subsequently be reclassified under the MGCRB process to an “urban” area. Questions concerning this provision should be directed to Anne Tayloe of the CMS (formerly HCFA) Provider Plan and Purchasing Policy Group at (410) 786-4546.

11. If the group is requesting an oral hearing, it must provide a brief narrative explaining the rationale for its request as **Attachment D**.
12. Self-explanatory.

IV. ADJACENCY (ALL GROUPS)

13. At **Attachment E** of the application, the group must include an original (i.e., no photocopies or facsimiles) map or maps, issued by a governmental entity or an organization such as the American Automobile Association on which the group highlights the county or NECMA in which the group hospitals are located and the requested area. The original map(s) and the two copies must be easy to read and clearly marked.

V. METROPOLITAN CHARACTER (RURAL GROUP ONLY)

14. Tab 5 (OMB Standards) includes the Office of Management and Budget (OMB) revised standards for designating outlying counties of MSAs, which were published in the Federal Register on March 30, 1990 and corrected on April 10 and 30 and May 10, 1990.

The group may obtain Bureau of the Census data from the Bureau of the Census and the State Data Centers. This data can also be accessed via the Internet at www.census.gov/population/www/socdemo/jtw_workerflow.html. The Board considers data only from the Bureau of the Census. Specifically, the Board only considers population surveys and estimates and commuting data from the most recent decennial census.

VI. CMSA CRITERIA (URBAN GROUP ONLY)

15. The OMB Statistical Policy Office, Office of Information and Regulatory Affairs issues definitions of Consolidated Metropolitan Statistical Areas (CMSAs), Primary Metropolitan Statistical Areas, and MSAs and NECMAs (known collectively as Metropolitan Areas). State Data Centers and many libraries carry the most recent listing of Metropolitan Areas. The group may also obtain the information via the Internet at www.census.gov/population/www/estimates/metroareas.html.

VII. ALTERNATIVE CRITERIA (NECMA GROUP ONLY)

16. Tab 5 (OMB Standards) includes the OMB revised standards for establishing MSAs, NECMAs, and CMSAs published in the Federal Register on March 30, 1990 and corrected on April 10 and 30 and May 10, 1990. The group may obtain Bureau of the Census data from the Bureau of the Census and the State Data Centers. The group may also obtain the information via the Internet at www.census.gov/population/www/estimates/metroareas.html. The Board considers data only from the Bureau of the Census. Specifically, the Board only considers population surveys and estimates and commuting data from the most recent decennial census. After the group completes this Section, it should skip to the affidavits. It should not complete any of the Sections between.

WAGE CRITERIA - 85 PERCENT COMPARISON
(RURAL AND URBAN GROUPS)

The group should attach its aggregate hourly wage computations using 3-year averages of hospital-specific and current area wages and hours for the 85 percent comparison under **Attachment I** of the application. The wage data used to support the group's wage comparison must be from the CMS (formerly HCFA) hospital wage survey. Hospitals may obtain this information from Marianne Myers (410) 786-5962 or Anne Tayloe (410) 786-4546 of the CMS (formerly HCFA) Purchasing Policy Group. (The Board will use the final official data in evaluating if a hospital meets the reclassification criteria.)

If the hospitals in the Group are requesting reclassification to the same area for FFY 2003 that they are already reclassified to through a 3-year group wage index reclassification, then the group is not required to meet the wage index portion of its FFY 2003 application. In such a case, the wage index portion (not the Standardized Amount portion) is considered met for purposes of the FFY 2003 application by virtue of the group's prior 3-year reclassification.

STANDARDIZED AMOUNT (URBAN GROUP ONLY)

Each hospital in the group must provide the information and data required under the Standardized Amount Cost Comparison section of the application, which is discussed below, and provide all supporting information for the group application to be complete. The Standardized Amount Cost Comparison application pages for each group hospital must be under **Attachment J**.

At **Attachment L** the group should show the computation of the ratio of case-mix adjusted cost per discharge to the threshold amount for each hospital and the discharge weighting of these ratios and the group cost comparisons. The ratio of each hospital's cost threshold to its case-mix adjusted cost per case, reduced for outliers, is calculated. Each hospital's share of the group's Medicare discharges weights these ratios. The weighted ratios of the individual hospitals are then totaled. In doing the cost comparisons, hospitals must use area definitions from the most recent census.

STANDARDIZED AMOUNT COST COMPARISON FOR EACH HOSPITAL
(URBAN GROUP ONLY)

Attachment J. must include each hospital's standardized amount cost comparison. For all data obtained from the Federal Register, such as the standardized amounts, wage indices, and case mix indices (if not obtained from the fiscal intermediary), the group should include a reference to the appropriate Registers' dates and page numbers. The group calculates an individual cost threshold for each hospital. The threshold equals the amount the hospital would receive under its current classification plus 75 percent of the difference between that amount and the amount it would receive if reclassified. All data must correspond to the cost reporting period for the cost report submitted by each hospital as part of the application.

- Tab 2 includes a chart entitled Standardized Amounts by Cost Reporting Period and Tab 3, two charts illustrating wage indices and case mix indices by cost reporting period.
- The hospital should use the Fiscal Year 2003 disproportionate share rules for calculating the adjustment factor for the Standardized Amount Cost Comparison. In this connection, the Benefits and Improvement Act of 2000 (Public Law 106-554) contained changes to the percentages and formulas hospitals should use in performing their calculations. Each hospital in the group should use data corresponding to the cost reporting period of the cost report submitted with the application in completing the Standardized Amount Cost Comparison.
- Where the application requires percentages, the group should express them in decimals, not ratios.
- Items b.- e. and h.- j. of the Standardized Amount Cost Comparison provide the cost report references to obtain the information pertaining to cost reporting periods ending after 09/30/96 and before 11/30/98, and cost reporting periods ending after 11/30/98. Where there is only one reference, it applies to both periods.
- The hospital must complete all applicable questions regarding the Standardized Amount Reclassification Request for its application to be complete. All data must correspond to the cost reporting period of the cost report submitted with the application.

For item f., the hospital should enter a case-mix index value only if using a case-mix index computed by the fiscal intermediary. A case-mix index value developed by the individual hospital is not acceptable. For its computation, the hospital may obtain the case-mix index from the annual PPS final rule(s) or from its fiscal intermediary. If an individual hospital chooses to submit a case-mix index computed by the fiscal intermediary (**Attachment K**), verification must be on fiscal intermediary letterhead and signed by an authorized official of the fiscal intermediary, and must show the period to which it applies. If a hospital uses the PPS final rule(s) for its case-mix index and more than one case-mix applies to the hospital's fiscal year, it must prorate each case-mix index based on the number of days that it corresponds to the fiscal year. The hospital must include the supporting computations and relevant Federal Register pages at **Attachment K**, as noted above.

Each hospital should complete item g., regarding the indirect medical education (IME) adjustment factor(s), only if applicable. Hospitals should enter the appropriate adjustment factors expressed as decimals that were used to calculate lines 3.21 to 3.23 of Worksheet E, Part A of the cost report per instructions in section 3630.1 of HCFA (CMS) Publication 15-2, the Provider Reimbursement Manual, Part 2.

Hospitals should use a single IME adjustment factor when preparing their Standardized Amount Cost Comparison in **Attachment J**. If a hospital has more than one IME adjustment factor which applies to its cost reporting year, it should prorate each factor based on the number of days it is effective during the cost reporting year. For example, a hospital with a cost reporting year from July 1, 1999 to June 30, 2000 would enter three IME adjustment factors in item g., i.e., one for the July 1, 1999 to September 30, 1999 period, a second for the October 1, 1999 to December 31, 1999 period, and a third for the January 1, 2000 to June 30, 2000 period. These three factors would then be prorated by the number of days in each period to arrive at the single IME adjustment factor for the cost reporting year. In this example, if the IME adjustment factor in the "(For discharges occurring prior to 10/1)" period is .0225, the adjustment factor for the "(For discharges occurring on or after 10/1 but before 1/1)" period is .0422, and the adjustment factor for the "(For discharges occurring after 1/1)" period is .0422, the single IME factor for the cost reporting year to be used in the Standardized Amount Cost Comparison in Attachment J would be .0372, i.e., $(.0225 \times 92/366) + (.0422 \times 92/366) + (.0422 \times 182/366)$.

Each hospital that has an allowable disproportionate share adjustment (DSA) on line 4.04 of Worksheet E, Part A, should complete all entries in items h. and j. of the Standardized Amount Cost Comparison section of the application. A hospital that does not have a DSA on line 4.04 should complete items i. and j. For purposes of completing the Standardized Amount Cost Comparison (**Attachment J**), a hospital should use the SSI percentage that was used in the calculation of the DSH on the cost report. The Board, however, will use the latest SSI data available from HCFA to calculate the SSI percentage to be used in the DSH computation.

In completing the Standardized Amount Cost Comparison, hospitals also need to use the appropriate wage index for the “Current” and “Requested” reclassification areas. The wage index for the “Requested” area used in the comparison in a Group application will always be the wage index of the “Requested” area. The wage index to be used on the “Current” side of the comparison will depend on whether a hospital is reclassified under a 3-year wage index reclassification either from an individual or group application approved for FFY 2001 or FFY 2002, as follows:

- A. If there is a prior group reclassification for FFY 2003 and all the hospitals in the group are still reclassified to that same area, then each hospital must use the wage index for the reclassified area for the “Current” side of the computation.
- B. If no hospital in the group is already approved for FFY 2003 as part of a 3-year wage index reclassification from either a group or an individual application, then each hospital in the group must use the wage index for the area in which it is physically located for the “Current” side of the computation.
- C. Hospitals in the group which are reclassified for FFY 2003 to any area pursuant to a 3-year wage index reclassification in FFY 2001 or FFY 2002, must use the wage index for the area to which they are reclassified in FFY 2003 for the “Current” side of the computation.

For item k., the copy of each hospital’s most recently filed cost report that is submitted under **Attachment M** must include a copy of the original signed certification for that cost report. Only one cost report is to be submitted for each hospital in the group.

AFFIDAVIT

The hospital officer accountable for providing information and data from each individual hospital, i.e., the president, vice president for finance, etc. for the group application must complete and sign an affidavit. A “chain” or corporate headquarters officer may sign an affidavit of an individual hospital provided he or she is also an officer of the hospital. If this is the case, the hospital must submit a notarized statement showing that the signature is that of a hospital officer. The affidavit must also be notarized.

The official is attesting to the veracity and correctness of that hospital’s information and data for the group application under penalty of perjury (28 U.S.C. Section 1746).

TABS

TAB 1 - MSA/Area Numbers - Applies to I.2. and II.6. of the application.

TAB 2 - Standardized Amounts by Cost Reporting Period - Applies to the standardized amount computations.

TAB 3 - Wage Indices and Case Mix Indices by Cost Reporting Period - Applies to the standardized amount computations.

TAB 4 - Calculations - Includes model calculations for the wage index and standardized amount.

TAB 5 - OMB Standards - Includes OMB revised standards (Federal Register, Vol. 55, No. 62, March 30, 1990, which were corrected on April 10 and 30 and May 10, 1990) for designating outlying counties of MSAs and for establishing MSAs, NECMAs, and CMSAs.

TAB 1

MSA/AREA NUMBERS *

*** This final list of areas is based upon the June 30, 1998 revision from the Bureau of the Census.**

MSA/AREA NAME	NUMBER
ALABAMA	01
ALASKA	02
ARIZONA	03
ARKANSAS	04
CALIFORNIA	05
COLORADO	06
CONNECTICUT	07
DELAWARE	08
FLORIDA	10
GEORGIA	11
HAWAII	12
IDAHO	13
ILLINOIS	14
INDIANA	15
IOWA	16
KANSAS	17
KENTUCKY	18
LOUISIANA	19
MAINE	20
MARYLAND	21
MASSACHUSETTS	22
MICHIGAN	23
MINNESOTA	24
MISSISSIPPI	25
MISSOURI	26
MONTANA	27
NEBRASKA	28
NEVADA	29
NEW HAMPSHIRE	30
NEW MEXICO	32
NEW YORK	33
NORTH CAROLINA	34
NORTH DAKOTA	35
OHIO	36
OKLAHOMA	37
OREGON	38
PENNSYLVANIA	39
PUERTO RICO	40
SOUTH CAROLINA	42
SOUTH DAKOTA	43
TENNESSEE	44
TEXAS	45
UTAH	46
VERMONT	47
VIRGINIA	49
WASHINGTON	50
WEST VIRGINIA	51
WISCONSIN	52
WYOMING	53

MSA/AREA NAME	NUMBER
ABILENE, TX	0040
AGUADILLA, PR	0060
AKRON, OH	0080
ALBANY, GA	0120
ALBANY-SCHENECTADY-TROY, NY	0160
ALBUQUERQUE, NM	0200
ALEXANDRIA, LA	0220
ALLENTOWN-BETHLEHEM-EASTON, PA	0240
ALTOONA, PA	0280
AMARILLO, TX	0320
ANCHORAGE, AK	0380
ANN ARBOR, MI	0440
ANNISTON, AL	0450
APPLETON-OSHKOSH-NEENAH, WI	0460
ARECIBO, PR	0470
ASHEVILLE, NC	0480
ATHENS, GA	0500
ATLANTA, GA	0520
ATLANTIC-CAPE MAY, NJ	0560
AUBURN-OPELIKA, AL	0580
AUGUSTA-AIKEN, GA-SC	0600
AUSTIN-SAN MARCOS, TX	0640
BAKERSFIELD, CA	0680
BALTIMORE, MD	0720
BANGOR, ME	0733
BARNSTABLE-YARMOUTH, MA	0743
BATON ROUGE, LA	0760
BEAUMONT-PORT ARTHUR, TX	0840
BELLINGHAM, WA	0860
BENTON HARBOR, MI	0870
BERGEN-PASSAIC, NJ	0875
BILLINGS, MT	0880
BILOXI-GULFPORT-PASCAGOULA, MS	0920
BINGHAMTON, NY	0960
BIRMINGHAM, AL	1000
BISMARCK, ND	1010
BLOOMINGTON, IN	1020
BLOOMINGTON-NORMAL, IL	1040
BOISE CITY, ID	1080
BOSTON-WORCESTER-LAWRENCE-LOWELL-BROCKTON, MA-NH	1123
BOULDER-LONGMONT, CO	1125
BRAZORIA, TX	1145
BREMERTON, WA	1150
BROWNSVILLE-HARLINGEN-SAN BENITO, TX	1240
BRYAN-COLLEGE STATION, TX	1260
BUFFALO-NIAGARA FALLS, NY	1280
BURLINGTON, VT	1303
CAGUAS, PR	1310
CANTON-MASSILLON, OH	1320

MSA/AREA NAME	NUMBER
CASPER, WY	1350
CEDAR RAPIDS, IA	1360
CHAMPAIGN-URBANA, IL	1400
CHARLESTON-NORTH CHARLESTON, SC	1440
CHARLESTON, WV	1480
CHARLOTTE-GASTONIA-ROCK HILL, NC-SC	1520
CHARLOTTESVILLE, VA	1540
CHATTANOOGA, TN-GA	1560
CHEYENNE, WY	1580
CHICAGO, IL	1600
CHICO-PARADISE, CA	1620
CINCINNATI, OH-KY-IN	1640
CLARKSVILLE-HOPKINSVILLE, TN-KY	1660
CLEVELAND-LORAIN-ELYRIA, OH	1680
COLORADO SPRINGS, CO	1720
COLUMBIA, MO	1740
COLUMBIA, SC	1760
COLUMBUS, GA-AL	1800
COLUMBUS, OH	1840
CORPUS CHRISTI, TX	1880
CORVALLIS, OR	1890
CUMBERLAND, MD-WV	1900
DALLAS, TX	1920
DANVILLE, VA	1950
DAVENPORT-MOLINE-ROCK ISLAND, IA-IL	1960
DAYTON-SPRINGFIELD, OH	2000
DAYTONA BEACH, FL	2020
DECATUR, AL	2030
DECATUR, IL	2040
DENVER, CO	2080
DES MOINES, IA	2120
DETROIT, MI	2160
DOTHAN, AL	2180
DOVER, DE	2190
DUBUQUE, IA	2200
DULUTH-SUPERIOR, MN-WI	2240
DUTCHESS COUNTY, NY	2281
EAU CLAIRE, WI	2290
EL PASO, TX	2320
ELKHART-GOSHEN, IN	2330
ELMIRA, NY	2335
ENID, OK	2340
ERIE, PA	2360
EUGENE-SPRINGFIELD, OR	2400
EVANSVILLE-HENDERSON, IN-KY	2440
FARGO-MOORHEAD, ND-MN	2520
FAYETTEVILLE, NC	2560
FAYETTEVILLE-SPRINGDALE-ROGERS, AR	2580
FLAGSTAFF, AZ-UT	2620

MSA/AREA NAME	NUMBER
FLINT, MI	2640
FLORENCE, AL	2650
FLORENCE, SC	2655
FORT COLLINS-LOVELAND, CO	2670
FORT LAUDERDALE, FL	2680
FORT MYERS-CAPE CORAL, FL	2700
FORT PIERCE-PORT ST. LUCIE, FL	2710
FORT SMITH, AR-OK	2720
FORT WALTON BEACH, FL	2750
FORT WAYNE, IN	2760
FORT WORTH-ARLINGTON, TX	2800
FRESNO, CA	2840
GADSDEN, AL	2880
GAINESVILLE, FL	2900
GALVESTON-TEXAS CITY, TX	2920
GARY, IN	2960
GLENS FALLS, NY	2975
GOLDSBORO, NC	2980
GRAND FORKS, ND-MN	2985
GRAND JUNCTION, CO	2995
GRAND RAPIDS-MUSKEGON-HOLLAND, MI	3000
GREAT FALLS, MT	3040
GREELEY, CO	3060
GREEN BAY, WI	3080
GREENSBORO--WINSTON-SALEM--HIGH POINT, NC	3120
GREENVILLE, NC	3150
GREENVILLE-SPARTANBURG-ANDERSON, SC	3160
HAGERSTOWN, MD	3180
HAMILTON-MIDDLETOWN, OH	3200
HARRISBURG-LEBANON-CARLISLE, PA	3240
HARTFORD, CT	3283
HATTIESBURG, MS	3285
HICKORY-MORGANTON-LENOIR, NC	3290
HONOLULU, HI	3320
HOUMA, LA	3350
HOUSTON, TX	3360
HUNTINGTON-ASHLAND, WV-KY-OH	3400
HUNTSVILLE, AL	3440
INDIANAPOLIS, IN	3480
IOWA CITY, IA	3500
JACKSON, MI	3520
JACKSON, MS	3560
JACKSON, TN	3580
JACKSONVILLE, FL	3600
JACKSONVILLE, NC	3605
JAMESTOWN, NY	3610
JANESVILLE-BELOIT, WI	3620
JERSEY CITY, NJ	3640
JOHNSON CITY-KINGSPORT-BRISTOL, TN-VA	3660

MSA/AREA NAME	NUMBER
JOHNSTOWN, PA	3680
JONESBORO, AR	3700
JOPLIN, MO	3710
KALAMAZOO-BATTLE CREEK, MI	3720
KANKAKEE, IL	3740
KANSAS CITY, MO-KS	3760
KENOSHA, WI	3800
KILLEEN-TEMPLE, TX	3810
KNOXVILLE, TN	3840
KOKOMO, IN	3850
LA CROSSE, WI-MN	3870
LAFAYETTE, LA	3880
LAFAYETTE, IN	3920
LAKE CHARLES, LA	3960
LAKELAND-WINTER HAVEN, FL	3980
LANCASTER, PA	4000
LANSING-EAST LANSING, MI	4040
LAREDO, TX	4080
LAS CRUCES, NM	4100
LAS VEGAS, NV-AZ	4120
LAWRENCE, KS	4150
LAWTON, OK	4200
LEWISTON-AUBURN, ME	4243
LEXINGTON, KY	4280
LIMA, OH	4320
LINCOLN, NE	4360
LITTLE ROCK-NORTH LITTLE ROCK, AR	4400
LONGVIEW-MARSHALL, TX	4420
LOS ANGELES-LONG BEACH, CA	4480
LOUISVILLE, KY-IN	4520
LUBBOCK, TX	4600
LYNCHBURG, VA	4640
MACON, GA	4680
MADISON, WI	4720
MANSFIELD, OH	4800
MAYAGUEZ, PR	4840
MCALLEN-EDINBURG-MISSION, TX	4880
MEDFORD-ASHLAND, OR	4890
MELBOURNE-TITUSVILLE-PALM BAY, FL	4900
MEMPHIS, TN-AR-MS	4920
MERCED, CA	4940
MIAMI, FL	5000
MIDDLESEX-SOMERSET-HUNTERDON, NJ	5015
MILWAUKEE-WAUKESHA, WI	5080
MINNEAPOLIS-ST. PAUL, MN-WI	5120
MISSOULA, MT	5140
MOBILE, AL	5160
MODESTO, CA	5170
MONMOUTH-OCEAN, NJ	5190

MSA/AREA NAME	NUMBER
MONROE, LA	5200
MONTGOMERY, AL	5240
MUNCIE, IN	5280
MYRTLE BEACH, SC	5330
NAPLES, FL	5345
NASHVILLE, TN	5360
NASSAU-SUFFOLK, NY	5380
NEW HAVEN-BRIDGEPORT-STAMFORD-DANBURY-WATERBURY,CT	5483
NEW LONDON-NORWICH, CT	5523
NEW ORLEANS, LA	5560
NEW YORK, NY	5600
NEWARK, NJ	5640
NEWBURGH, NY-PA	5660
NORFOLK-VIRGINIA BEACH-NEWPORT NEWS, VA-NC	5720
OAKLAND, CA	5775
OCALA, FL	5790
ODESSA-MIDLAND, TX	5800
OKLAHOMA CITY, OK	5880
OLYMPIA, WA	5910
OMAHA, NE-IA	5920
ORANGE COUNTY, CA	5945
ORLANDO, FL	5960
OWENSBORO, KY	5990
PANAMA CITY, FL	6015
PARKERSBURG-MARIETTA, WV-OH	6020
PENSACOLA, FL	6080
PEORIA-PEKIN, IL	6120
PHILADELPHIA, PA-NJ	6160
PHOENIX-MESA, AZ	6200
PINE BLUFF, AR	6240
PITTSBURGH, PA	6280
PITTSFIELD, MA	6323
POCATELLO, ID	6340
PONCE, PR	6360
PORTLAND, ME	6403
PORTLAND-VANCOUVER,OR-WA	6440
PROVIDENCE-WARWICK-PAWTUCKET, RI	6483
PROVO-OREM, UT	6520
PUEBLO, CO	6560
PUNTA GORDA, FL	6580
RACINE, WI	6600
RALEIGH-DURHAM-CHAPEL HILL, NC	6640
RAPID CITY, SD	6660
READING, PA	6680
REDDING, CA	6690
RENO, NV	6720
RICHLAND-KENNEWICK-PASCO, WA	6740
RICHMOND-PETERSBURG, VA	6760
RIVERSIDE-SAN BERNADINO, CA	6780

MSA/AREA NAME	NUMBER
ROANOKE, VA	6800
ROCHESTER, MN	6820
ROCHESTER, NY	6840
ROCKFORD, IL	6880
ROCKY MOUNT, NC	6895
SACRAMENTO, CA	6920
SAGINAW-BAY CITY-MIDLAND, MI	6960
ST. CLOUD, MN	6980
ST. JOSEPH, MO	7000
ST. LOUIS, MO-IL	7040
SALEM, OR	7080
SALINAS, CA	7120
SALT LAKE CITY-OGDEN, UT	7160
SAN ANGELO, TX	7200
SAN ANTONIO, TX	7240
SAN DIEGO, CA	7320
SAN FRANCISCO, CA	7360
SAN JOSE, CA	7400
SAN JUAN-BAYAMON, PR	7440
SAN LUIS OBISPO-ATASCADERO-PASO ROBLES, CA	7460
SANTA BARBARA-SANTA MARIA-LOMPOC, CA	7480
SANTA CRUZ-WATSONVILLE, CA	7485
SANTA FE, NM	7490
SANTA ROSA, CA	7500
SARASOTA-BRADENTON, FL	7510
SAVANNAH, GA	7520
SCRANTON--WILKES-BARRE--HAZLETON, PA	7560
SEATTLE-BELLEVUE-EVERETT, WA	7600
SHARON, PA	7610
SHEBOYGAN, WI	7620
SHERMAN-DENISON, TX	7640
SHREVEPORT-BOSSIER CITY, LA	7680
SIOUX CITY, IA-NE	7720
SIOUX FALLS, SD	7760
SOUTH BEND, IN	7800
SPOKANE, WA	7840
SPRINGFIELD, IL	7880
SPRINGFIELD, MO	7920
SPRINGFIELD, MA	8003
STATE COLLEGE, PA	8050
STEUBENVILLE-WEIRTON, OH-WV	8080
STOCKTON-LODI, CA	8120
SUMTER, SC	8140
SYRACUSE, NY	8160
TACOMA, WA	8200
TALLAHASSEE, FL	8240
TAMPA-ST. PETERSBURG-CLEARWATER, FL	8280
TERRE HAUTE, IN	8320
TEXARKANA, TX-TEXARKANA, AR	8360

MSA/AREA NAME	NUMBER
TOLEDO, OH	8400
TOPEKA, KS	8440
TRENTON, NJ	8480
TUCSON, AZ	8520
TULSA, OK	8560
TUSCALOOSA, AL	8600
TYLER, TX	8640
UTICA-ROME, NY	8680
VALLEJO-FARIFIELD-NAPA, CA	8720
VENTURA, CA	8735
VICTORIA, TX	8750
VINELAND-MILLVILLE-BRIDGETON, NJ	8760
VISALIA-TULARE-PORTERVILLE, CA	8780
WACO, TX	8800
WASHINGTON, DC-MD-VA-WV	8840
WATERLOO-CEDAR FALLS, IA	8920
WAUSAU, WI	8940
WEST PALM BEACH-BOCA RATON, FL	8960
WHEELING, WV-OH	9000
WICHITA, KS	9040
WICHITA FALLS, TX	9080
WILLIAMSPORT, PA	9140
WILMINGTON-NEWARK, DE-MD	9160
WILMINGTON, NC	9200
YAKIMA, WA	9260
YOLO, CA	9270
YORK, PA	9280
YOUNGSTOWN-WARREN, OH	9320
YUBA CITY, CA	9340
YUMA, AZ	9360

TAB 2

**STANDARDIZED AMOUNTS
BY COST REPORTING PERIOD**

STANDARDIZED AMOUNTS BY COST REPORTING PERIOD

COST REPORTING PERIOD	AUG 29, 1997 FEDERAL REGISTER	JUL 31, 1998 FEDERAL REGISTER	FEB 25, 1999 FEDERAL REGISTER	JUL 30, 1999 FEDERAL REGISTER	AUG 1, 2000 FEDERAL REGISTER
10-1-97 TO 9-30-98 11-1-97 TO 10-31-98 12-1-97 TO 11-30-98	10-1-97 TO 9-30-98 11-1-97 TO 9-30-98 12-1-97 TO 9-30-98	10-1-98 TO 10-31-98 10-1-98 TO 11-30-98			
1-1-98 TO 12-31-98 2-1-98 TO 1-31-99 3-1-98 TO 2-28-99	1-1-98 TO 9-30-98 2-1-98 TO 9-30-98 3-1-98 TO 9-30-98	10-1-98 TO 12-31-98 10-1-98 TO 1-31-99 10-1-98 TO 2-28-99			
4-1-98 TO 3-31-99 5-1-98 TO 4-30-99 6-1-98 TO 5-31-99	4-1-98 TO 9-30-98 5-1-98 TO 9-30-98 6-1-98 TO 9-30-98	10-1-98 TO 2-28-99 10-1-98 TO 2-28-99 10-1-98 TO 2-28-99	3-1-99 TO 3-31-99 3-1-99 TO 4-30-99 3-1-99 TO 5-31-99		
7-1-98 TO 6-30-99 8-1-98 TO 7-31-99 9-1-98 TO 8-31-99	7-1-98 TO 9-30-98 8-1-98 TO 9-30-98 9-1-98 TO 9-30-98	10-1-98 TO 2-28-99 10-1-98 TO 2-28-99 10-1-98 TO 2-28-99	3-1-99 TO 6-30-99 3-1-99 TO 7-31-99 3-1-99 TO 8-31-99		
10-1-98 TO 9-30-99 11-1-98 TO 10-31-99 12-1-98 TO 11-30-99		10-1-98 TO 2-28-99 11-1-98 TO 2-28-99 12-1-98 TO 2-28-99	3-1-99 TO 9-30-99 3-1-99 TO 9-30-99 3-1-99 TO 9-30-99	10-1-99 TO 10-31-99 10-1-99 TO 11-30-99	
1-1-99 TO 12-31-99 2-1-99 TO 1-31-2000 3-1-99 TO 2-29-2000*		1-1-99 TO 2-28-99 2-1-99 TO 2-28-99	3-1-99 TO 9-30-99 3-1-99 TO 9-30-99 3-1-99 TO 9-30-99	10-1-99 TO 12-31-99 10-1-99 TO 1-31-2000 10-1-99 TO 2-29-2000	
4-1-99 TO 3-31-2000* 5-1-99 TO 4-30-2000* 6-1-99 TO 5-31-2000*			4-1-99 TO 9-30-99 5-1-99 TO 9-30-99 6-1-99 TO 9-30-99	10-1-99 TO 3-31-2000 10-1-99 TO 4-30-2000 10-1-99 TO 5-31-2000	
7-1-99 TO 6-30-2000* 8-1-99 TO 7-31-2000* 9-1-99 TO 8-31-2000*			7-1-99 TO 9-30-99 8-1-99 TO 9-30-99 9-1-99 TO 9-30-99	10-1-99 TO 6-30-2000 10-1-99 TO 7-31-2000 10-1-99 TO 8-31-2000	
10-1-99 TO 9-30-2000* 11-1-99 TO 10-31-2000* 12-1-99 TO 11-30-2000*				10-1-99 TO 9-30-2000 11-1-99 TO 9-30-2000 12-1-99 TO 9-30-2000	10-1-2000 TO 10-31-2000 10-1-2000 TO 11-30-2000
1-1-2000 TO 12-31-2000* 2-1-2000 TO 1-31-2001* 3-1-2000 TO 2-29-2001				1-1-2000 TO 9-30-2000 2-1-2000 TO 9-30-2000 3-1-2000 TO 9-30-2000	10-1-2000 TO 12-31-2000 10-1-2000 TO 1-31-2001 10-1-2000 TO 2-28-2001
4-1-2000 TO 3-31-2001 5-1-2000 TO 4-30-2001 6-1-2000 TO 5-31-2001				4-1-2000 TO 9-30-2000 5-1-2000 TO 9-30-2000 6-1-2000 TO 9-30-2000	10-1-2000 TO 3-31-2001 10-1-2000 TO 4-30-2001 10-1-2000 TO 5-31-2001
7-1-2000 TO 6-30-2001 8-1-2000 TO 7-31-2001 9-1-2000 TO 8-31-2001				7-1-2000 TO 9-30-2000 8-1-2000 TO 9-30-2000 9-1-2000 TO 9-30-2000	10-1-2000 TO 6-30-2001 10-1-2000 TO 7-31-2001 10-1-2000 TO 8-31-2001

*LEAP YEAR

COST OF LIVING ADJUSTMENT FACTOR FOR:

ALASKA- ALL AREAS 1.2500

HAWAII:

COUNTY OF HONOLULU 1.1650

COUNTY OF HAWAII 1.2325

COUNTY OF KAUAI 1.2325

COUNTY OF MAUI 1.2325

COUNTY OF KALAWAO 1.2325

TAB 3

**WAGE INDICES AND CASE MIX INDICES
BY COST REPORTING PERIOD**

WAGE INDICES

PERIOD			DATE OF APPLICABLE FEDERAL REGISTER
October 1, 1997	TO	September 30, 1998	August 29, 1997
October 1, 1998	TO	February 28, 1999	July 31, 1998
March 1, 1999	TO	September 30, 1999	February 25, 1999
October 1, 1999	TO	September 30, 2000	July 30, 1999
October 1, 2000	TO	September 30, 2001	August 1, 2000

CASE MIX INDICES

FOR COST REPORTING PERIODS FROM			DATE OF APPLICABLE FEDERAL REGISTER
October 1, 1997	TO	September 30, 1998	July 30, 1999
October 1, 1998	TO	September 30, 1999	August 1, 2000
October 1, 1999		FORWARD	August 1, 2001 (APPROX.)

TAB 4
CALCULATIONS

EXAMPLE OF HOSPITAL GROUP WAGE INDEX COMPARISON

WAGE INDEX COMPARISON

42 CFR 412.232(c) OR 42 CFR 412.234(b)

	<u>HOSPITAL</u>	<u>COLUMN A</u> <u>WAGES(PER HCFA)</u>	<u>COLUMN B</u> <u>HOURS (PER HCFA)</u>
	HOSPITAL 1	2,509,100	200,400
	HOSPITAL 2	26,816,668	1,754,095
	HOSPITAL 3	24,465,510	1,643,792
1	TOTAL	53,791,278	3,598,287
2	COUNTY 3 YEAR AVERAGE HOURLY WAGE (AHW) [LINE 1, COL. A / LINE 1 COL. B]		14.9491
3	REQUESTED AREA 3 YEAR AHW [FROM HCFA HOSPITAL WAGE SURVEY]		16.5200
4	85% TEST [LINE 2 / LINE 3]		0.904909200

HOSPITAL GROUP MEETS THE 85% TEST. HOWEVER, IN ORDER TO QUALIFY FOR RECLASSIFICATION:

- (1) AN URBAN GROUP MUST ALSO MEET THE GENERAL CRITERIA UNDER 42 CFR 412.234(a) AND THE STANDARDIZED AMOUNT CRITERIA UNDER 42 CFR 412.234(c).
- (2) A RURAL GROUP MUST ALSO MEET THE GENERAL CRITERIA UNDER 42 CFR 412.232(a) AND THE METROPOLITAN CHARACTER CRITERIA UNDER 42 CFR 412.232(b).

NOTES: ROUNDING OF NUMBERS TO MEET THE QUALIFYING PERCENTAGE IS NOT PERMITTED.

ALL WAGE, HOUR AND AVERAGE HOURLY WAGE DATA USED ABOVE IS BASED ON 3 YEAR AVERAGES.

Example of Urban Hospital Group Standardized Amount Cost Comparison

THE THREE PPS HOSPITALS LOCATED IN URBAN COUNTY A ARE REQUESTING RECLASSIFICATION TO A LARGE URBAN COUNTY B. COUNTY B IS PART OF THE SAME CMSA AS COUNTY A. THE GROUP HAS MET THE WAGE CRITERIA OF 42 CFR 412.234(b). THE FOLLOWING DATA IS FOR THE APPROPRIATE COST REPORTING PERIOD OF EACH HOSPITAL. FOR PURPOSES OF BREVITY THE COMPLETE COMPUTATION OF THE CASE MIX ADJUSTED COST PER DISCHARGE AND THE THRESHOLD AMOUNT IS INCLUDED FOR ONLY THE FIRST HOSPITAL.

	HOSPITAL A	HOSPITAL B	HOSPITAL C
TOTAL MEDICARE COST (EXCLUDING PASSTHROUGHS)	\$1,720,074	--	--
MEDICARE DISCHARGES	402	671	1072
DRG AMOUNT- OTHER THAN OUTLIER PAYMENTS	\$1,397,286	--	--
DRG AMOUNT- OUTLIER PAYMENTS ONLY	\$121,821	--	--
INDIRECT MEDICAL EDUCATION ADJUSTMENT FACTOR	0.0281	--	--
DISPROPORTIONATE SHARE ADJUSTMENT FACTOR	0.1454	--	--
COMPUTATION OF RATIO OF HOSPITALS' COSTS TO THRESHOLD AMOUNTS			
1 CASE MIX ADJUSTED COST PER DISCHARGE [FROM PAGE 3, LINE 10]	3700.63	4098.76	4215.88
2 THRESHOLD AMOUNT [FROM PAGE 4, LINE 44]	4762.35	3842.77	4001.23
3 RATIO OF COST TO THRESHOLD [LINE 1 / LINE 2]	0.777059644	1.066616008	1.053646003
4 DISCHARGE WEIGHTING [TOTAL HOSPITAL DISCHARGES / TOTAL GROUP DISCHARGES]	0.187412587	0.312820512	0.499766899
5 WEIGHTED RATIO [LINE 3 X LINE 4]	0.145630758	0.333659365	0.526577395
6 SUM OF WEIGHTED RATIOS [SUM OF LINE 5]			1.005867518

SINCE THE SUM OF THE WEIGHTED RATIOS IS GREATER THAN 1.0 (ONE), THE GROUP MEETS THE STANDARDIZED AMOUNT CRITERIA OF 42 CFR 412.234(c).

NOTE: ROUNDING OF NUMBERS TO MEET THE QUALIFYING PERCENTAGE IS NOT PERMITTED.

Standardized Amount for Individual Hospital

Hospital Cost Per Discharge Reduced for Outliers

1.	Total Medicare Cost (Excluding Passthroughs)	\$1,720,074
2.	Medicare Discharges	402
	Average Cost Per Discharge Before Adjustment	
3.	for Outlier Payments [Line 1 / Line 2]	\$4,278.79
4.	DRG Amount-Other Than Outlier Payments	\$1,397,286
5.	DRG Amount-Outlier Payments	\$121,821
6.	Total DRG Amount [Line 4 + Line 5]	\$1,519,107
7.	Outlier Adjustment Factor [1- (line 5/line 6)]	0.9198
8.	Average Cost Per Discharge reduced for Outliers [Line 3 * Line 7]	\$3,935.63
9.	Case Mix Index [Prorated] 1.0152 * 92 / 365 + 1.0799 * 273 / 365	1.0635
10.	Case Mix Adjusted Cost Per Discharge [Line 8 / Line 9]	\$3,700.63

Standardized Amount Effective Periods

11.	Total Days in Cost Report Period	365		
	A	B	C	D
12.	Fed Regs	Period Covered	Days	Percentage
a	02/25/99	07/01/99 to 09/30/99	92	25.21%
b	07/30/99	10/01/99 to 06/30/2000	273	74.79%

13. Disproportionate Share Adjustment Factor

Medicaid % = 9.1% SSI % = 21.6% Beds = 205

Current Area: $((9.1 + 21.6) - 20.2) * 0.00825 + 0.0588 = 14.54 \%$

Requested Area: $((9.1 + 21.6) - 20.2) * 0.00825 + 0.0588 = 14.54 \%$

Case No. / Sample

Period	Requested Reclassification: LARGE URBAN /			Current Classification: URBAN/		
	12a	12b	12c	12a	12b	12c
NATIONAL PORTION						
14. National Standardized Amount-Labor Portion	2783.34	2809.18	0.00	2739.28	2764.70	0.00
15. Applicable Wage Index	1.0461	1.0484	0.0000	1.0374	1.0484	0.0000
16. Line 14 * Line 15	2911.65	2945.14	0.00	2841.72	2898.51	0.00
17. National Standardized Amount-NonLabor Portion	1131.34	1141.85	0.00	1113.44	1123.76	0.00
18. Cost-of-Living Adjustment Factor	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
19. Line 17 * Line 18	1131.34	1141.85	0.00	1113.44	1123.76	0.00
20. Line 16 + Line 19	4042.99	4086.99	0.00	3955.16	4022.27	0.00
21. Indirect Medical Education Adjustment Factor	0.0281	0.0281	0.0000	0.0281	0.0281	0.0000
22. Disproportionate Share Adjustment Factor [Line 13]	0.1454	0.1454	0.0000	0.1454	0.1454	0.0000
23. Combined Adjustment Factor [1+Line 21 + Line 22]	1.1735	1.1735	1.0000	1.1735	1.1735	1.0000
24. Adjusted Standardized Amount [Line 20 * Line 23]	4744.44	4796.08	0.00	4641.38	4720.13	0.00
25. Prorated by Days in Effect [Line 12, col D * Line 24]	1196.07	3586.98	0.00	1170.09	3530.18	0.00
26. National Floor Percentage	1.00	1.00	1.00	1.00	1.00	1.00
27. Line 25 * Line 26	1196.07	3586.98	0.00	1170.09	3530.18	0.00
REGIONAL PORTION						
28. Regional Standardized Amount-Labor Portion						
29. Applicable Wage Index						
30. Line 28 * Line 29	0.00	0.00	0.00	0.00	0.00	0.00
31. Regional Standardized Amount-NonLabor Portion						
32. Cost-of-Living Adjustment Factor	1.00	1.00	1.00	1.00	1.00	1.00
33. Line 31 * Line 32	0.00	0.00	0.00	0.00	0.00	0.00
34. Line 30 + Line 33	0.00	0.00	0.00	0.00	0.00	0.00
35. Indirect Medical Education Adjustment Factor						
36. Disproportionate Share Adjustment Factor [Line 13]						
37. Combined Adjustment Factor [1+Line 35 + Line 36]	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
38. Adjusted Standardized Amount [Line 34 * Line 37]	0.00	0.00	0.00	0.00	0.00	0.00
39. Prorated by Days in Effect [Line 12, col D * Line 38]	0.00	0.00	0.00	0.00	0.00	0.00
40. Regional Floor Percentage						
41. Line 39 * Line 40	0.00	0.00	0.00	0.00	0.00	0.00
42. Line 27 + Line 41	1196.07	3586.98	0.00	1170.09	3530.18	0.00
43. Payment Hospital Would Receive			4783.05			4700.27
TEST OF QUALIFICATION CRITERIA						
44. Line 43 (Current) + [.75 * {Line 43 (Requested) - Line 43 (Current)}]			4762.35			

TAB 5

OMB STANDARDS

**A photocopy of the Federal Register Notice dated March 30, 1990 is available
from the Office of Hearings at 410-786-1174.**